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Agenda item 43
Follow-up to the outcome of the twenty-sixth special session: implementation of the Declaration of Commitment on HIV/AIDS

High-level meeting on HIV/AIDS

Discussion paper for round table on resources to be convened by the Joint United Nations Programme on HIV/AIDS, the World Bank and the Global Fund to fight AIDS, Tuberculosis and Malaria

Summary

This paper is aimed at stimulating discussions in the round table and should be read in conjunction with the forthcoming report of the Secretary-General on progress towards implementation of the Declaration of Commitment on HIV/AIDS.

A summary of the discussions, which are expected to be lively, open and interactive, will be conveyed to the high-level meeting of the General Assembly in September 2005 to undertake a comprehensive review of the progress made in the fulfilment of the commitments contained in the United Nations Millennium Declaration, including the internationally agreed development goals, and of the progress made in the integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields.

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I. Introduction

1. The world has finally come to a strong consensus on the need to respond aggressively to AIDS. Global financing for the response to AIDS has grown 20 times as a result of new initiatives that include the creation of the Global Fund to fight AIDS, Tuberculosis and Malaria, the World Bank's Multi-Country HIV/AIDS Programme (MAP), and, most recently, major commitments by Development Assistance Committee (DAC) member countries, such as the United States of America's President's Emergency Plan for AIDS Relief and the decision by the United Kingdom of Great Britain and Northern Ireland to invest £1.5 billion in global HIV/AIDS interventions from 2004 to 2007. Private foundations such as the Bill and Melinda Gates Foundation have also made significant contributions. As a result, total HIV/AIDS funds available for the AIDS response in developing countries grew from an estimated $300 million in 1996 to $6.1 billion in 2004, a figure which includes domestic funding by developing countries of $2 billion.

2. These increases have helped close the so-called financial gap between the estimated resources needed and the estimated resources available for funding an expanded, comprehensive AIDS response. In the process, it has raised expectations among donors, affected countries and the people living with HIV/AIDS that the quality and quantity of prevention, care and treatment services would increase dramatically. Yet, in some countries, limitations in human resources and infrastructure have hampered the scaling up of services for their AIDS response. These challenges must be addressed in parallel with the imperative to continue to increase the resources available.

II. Resources available

3. Based on current trends and donor pledges, Joint United Nations Programme on HIV/AIDS (UNAIDS) projects that the resources available for funding the AIDS response are likely to reach $8 billion in 2005 and $10 billion by 2007. The 2007 amounts include domestic spending on AIDS ($3.0 billion), international foundations and international non-governmental agencies ($364 million) and other sources of international assistance ($6.7 billion).

4. National spending assessments indicate that affected countries have substantially increased their own financial outlays on AIDS programmes. Affected households account for a significant portion of country-level spending, reducing the level of resources available for other basic needs, such as food, education and housing. In 2007, domestic spending on AIDS is projected to be at least 20 per cent higher than in 2004, mainly due to the increase in public expenditure for treatment and care, which could decrease out-of-pocket expenditures.

5. Donor countries have increased their direct bilateral aid and their multilateral aid for HIV/AIDS. Indeed, bilateral AIDS spending among leading donor countries increased by 64 per cent between 2000 and 2002. It is estimated that bilateral resources available for AIDS may increase from US$ 1.3 billion in 2004 to US$ 2.3 billion in 2005, reaching an estimated US$ 3.65 billion in 2007.

6. HIV/AIDS multilateral aid has also increased, mainly owing to the Global Fund to fight AIDS, Tuberculosis and Malaria established in 2002. The estimated resources currently made available through the Global Fund channels for HIV/AIDS

is US$1 billion, and it is estimated that this will exceed US$2 billion per year by 2007.

7. Key elements for consideration include how to ensure that international donor commitments and future pledges are fulfilled over the coming years.

III. Resource needs

8. Multiple studies are currently under way to estimate the resources needed for an expanded, comprehensive response to AIDS. The most recent estimates will be available at the time of the 2005 review meeting of the outcome of the twenty-sixth special session of the General Assembly and will be of particular use to the round-table discussion on the amounts needed in 2007 from bilateral and multilateral sources. Assuming that current trends in resource availability are maintained, significant additional funding of several billion United States dollars will be needed over the period from 2005 to 2007.

9. Significantly increased financial resources will be needed in 2007 to fund the necessary components of prevention, care, treatment and support for orphans and vulnerable children in order to make real progress towards internationally agreed goals. National and personal contributions may have little room for further expansion, and donor nations will therefore need to increase their commitments if an effective response to the AIDS epidemic is to be mounted.

10. To invest now in human and institutional infrastructure would significantly facilitate increasing resource allocation beyond its current levels. However, a full understanding of the types and levels of such investments is still lacking. In the past, the estimation of resources needed has not adequately addressed the amounts needed for human and institutional infrastructure.

11. Key elements for consideration include how to better estimate the resources that will be needed for future years and take into account both how to reach critical targets and the amounts necessary to strengthen systems, infrastructure and staffing.

IV. Potential funding sources

12. Additional resources will need to come from all possible sources: national governments, bilateral and multilateral donors, foundations and commercial firms, insurance schemes and out-of-pocket financed goods and services. However, the relative proportion of these increases must take into account the ability of some of these sources to expand. Persons affected and their households are unlikely to be able to pay more and should in fact be relieved of much of the financial burden that they now face. Middle-income countries can and should increase national investments. However, the bulk of this increased funding must come from the international community.

13. The possible short-term inflationary effects of increased funding flows on countries' macroeconomic stability pale in comparison to the severity of the long-term effects on the economies of the most affected countries if the current situation persists. Ongoing dialogue between the International Monetary Fund and a number

of funding, technical and implementing partners is creating a better understanding of macroeconomic concerns and how these can be overcome.

14. The assumptions that future bilateral and multilateral commitments will be met may be unrealistic, as much of these funds are not part of budget legislation. The Global Fund needs significant increases in their funding to meet the requirements of current and future grants. These resource requirements are estimated at US$ 3.5 billion for 2006 and US$ 3.6 billion for 2007. It must also be noted that not all of the resources that have been committed will be disbursed, and not all resources disbursed are actually available for use in-country.

15. Key elements for consideration include:

- How to adequately fund multilateral HIV/AIDS focused organizations, specifically the Global Fund and the coordinated UNAIDS programme.
- How to change current trends in resource mobilization, given that regions and countries with the greatest needs have limited ability to commit these resources themselves.
- How to ensure that national leaders of middle-income countries increase their contribution to AIDS for their domestic commitments.

V. Strengthening and transforming national capacity to respond to HIV/AIDS

16. In addition to estimates of financial resources needed annually to finance a comprehensive response, accompanying investments in capacity are essential to maximize the effectiveness of available funds.

17. In many countries, the health sector as it is presently constituted is not strong enough to provide the services required by the expansion of the AIDS response, particularly as it relates to antiretroviral treatment. Reasons include lack of investment in health infrastructure, not enough health professionals and donor reluctance to finance the increased operational costs, especially salaries.

18. One of the most pressing needs is to deal with the human capacity crisis. This requires unblocking the systemic barriers to stronger capacity in the health and other sectors, stemming the drain of skilled manpower from public service into non-governmental organizations and the private sector as well as from poor to rich countries and reducing the urban-rural bias in the provision of services. Equally important is the need to consider new models for health-care delivery that make optimum use of all tiers of health-care staff. This public health approach can capitalize on existing capacities and make the scaling up of services realistic in the short term.

19. Building national capacity to expand and sustain AIDS programmes will require both short- and long-term strategies. For instance, there are significant challenges at the country level, before the actual provision of services. Those challenges necessitate a heavy emphasis on the institutionalization of information and monitoring systems; massive and long-term investments in quality pre-service training institutes, whether public, not-for-profit or privately contracted, including staff, technical support, infrastructure, procurement and long-term flexible retention

schemes. Adequate modes and levels of involvement by ministries of finance and planning as well as reforms of the civil service and public sector need to be identified and ensured.

20. Key elements for consideration include:

- How to strengthen health systems' learning agendas
- How to finance the resulting higher operating costs of the health sector (can this be done through donor financing that would fund administrative and operating costs over the medium to long term?)
- How to improve the management and auditing mechanism for responding to the national AIDS response (can the AIDS response be better coordinated across ministries?).

VI. Efficient use of resources

21. The effectiveness of future funding increases for AIDS will depend, in large part, on the capacity of recipient countries to make effective use of these resources. Factors that impede the optimal effectiveness of such resources include the failure of programmes to target those who need them the most, the failure to implement interventions with proven scientific effectiveness and bureaucratic obstacles to the rapid disbursement and use of available funds.

22. Most countries do not have well-developed resource tracking mechanisms for AIDS that can monitor the amounts of resources flowing to, among others, hospitals, clinics, drugs, traditional healers and non-governmental organizations. It is therefore increasingly important to link country monitoring and evaluation systems with information on costs and expenditure so that programming decisions can be informed by information on resource utilization and effectiveness.

23. Removing potential bottlenecks in funding flows and radically improving mechanisms for delivering funds and services at all levels are critical steps to reducing systemic constraints to achieving an expanded response to the AIDS epidemic.

24. Key elements for consideration include:

- How to better ensure that HIV/AIDS stakeholders, especially in civil society and among vulnerable and marginalized groups, remain involved in programme implementation so that that funding is comprehensive and reaches intended beneficiaries
- How to decrease human and institutional infrastructure constraints to allow for a rapid scaling up of key interventions and an effective use of resources.

VII. Harmonization and coordination of donor assistance

25. Improved harmonization is critical for accelerating the implementation of the AIDS response. The current multiplicity of HIV/AIDS funding sources, programmes and projects result in many hard-pressed governments finding themselves confronted with responding to a complex web of donor requirements to ensure that

funding support is maintained. This compromises their countries' ability to develop effective AIDS programmes. The constraints they face in accessing available funds are numerous and include: unpredictable flows over the short to long term; burdensome disbursement and procurement processes; and duplicate management, monitoring and evaluation systems aimed at meeting differing donor requirements.

26. The international community has shown a strong commitment to working together to ensure effective action on AIDS. This is exemplified by the global leadership on AIDS being located in UNAIDS — a programme jointly sponsored by 10 United Nations agencies. Harmonization implies that development partners work together to align their programmes with nationally owned strategies and processes. This will make it easier for the recipient countries to maximize the comparative advantages of different donors to support nationally owned and implemented strategies. In particular, minimizing duplication in fiduciary arrangements, monitoring procedures and reporting mechanisms, as well as conducting joint country missions can streamline funding and reporting flows and enhance countries' capacity to use funds in the most effective and timely way possible.

27. It is recognized that coordination is equally imperative and important at the country level, where effective joint action by all government sectors, civil society and the private sector drive the response. Increasingly, there is a clear understanding of the need to form partnerships, share information and harmonize donor interventions around country priorities and systems. Such a framework is provided by the "three ones" approach that was endorsed by donors and developing countries during the April 2004 meeting jointly sponsored by UNAIDS, the United Kingdom and the United States. It provides for:

- One national AIDS coordinating authority with a broad-based multisector mandate, supported by broad partnership forums of all stakeholders
- One agreed HIV/AIDS action framework that provides the basis for coordinating the work of all partners and strives to bring the donors, stakeholders on the ground and national leadership into agreement
- One agreed country-level monitoring and evaluation system, a single functional data-collection and analysis system at the country level that meets the needs of both donors and programme implementers.

28. Key elements for consideration include:

- How this agenda can be moved forward with a focus on meeting the regional and country-specific needs of low- and middle-income countries, in terms of institutions, technical assistance and political commitment
- How to streamline global initiatives targeted at supporting the national government response to AIDS.